This Listing Statement is compiled by the Exchange from documents filed by the Company in making application for listing. It is issued for the information of members, member firms and member corporations of the Exchange. It is not and is not to be construed as a prospectus. The Exchange has received no consideration in connection with the issue of this Listing Statement other than the customary listing fee. The documents referred to above are open for inspection at the general office of the Exchange.

LISTING STATEMENT No. 1996

LISTED JULY 2nd, 1958
2,025,018 common shares of $1.00 par value each
Ticker abbreviation JLP
Post section 5.3
Dial ticker No. 587
Industrial commissions shall apply

TORONTO STOCK EXCHANGE

LISTING STATEMENT

JEFFERSON LAKE PETROCHEMICALS OF CANADA LTD.

Incorporated under the laws of Canada by Letters Patent dated December 30, 1957 and amended by Supplementary Letters Patent dated April 30, 1958.

COMMON SHARES OF THE PAR VALUE OF $1.00 PER SHARE

CAPITALIZATION AS AT JUNE 12, 1958

	Authorized	Issued and Outstanding	To Be Listed
Common shares of the par value of $1.00 per share	2,500,000	2,025,018	2,025,018

June 25, 1958

1. APPLICATION

JEFFERSON LAKE PETROCHEMICALS OF CANADA LTD. (hereinafter called the "Company") hereby makes application for listing on the Toronto Stock Exchange of 2,025,018 common shares of the par value of $1.00 per share in its capital stock, all of which are issued and outstanding as fully paid and non-assessable.

2. REFERENCE TO PROSPECTUS

Reference is made to the prospectus issued by the Company under date of May 30, 1958 in respect of the offering of 600,000 common shares of the par value of $1.00 per share in the capital stock of the Company, a copy of which prospectus is incorporated herein and made a part hereof.

3. OPINION OF COUNSEL

Messrs. Chambers, Might, Saucier, Milvain, Peacock, Jones & Black of Calgary, Alberta, Counsel for the Company, are filing in support of this application an opinion stating among other things that (i) the Company has been duly incorporated and is a valid and subsisting Company in good standing under the laws of Canada; and (ii) 2,025,018 common shares of the par value of $1.00 per share in the capital stock of the Company have been duly issued and are outstanding as fully paid and non-assessable.

4. LISTING ON OTHER STOCK EXCHANGES

The common shares of the par value of $1.00 per share in the capital stock of the Company are not listed on any other stock exchange and no such listing is contemplated at this time.

5. STATUS UNDER SECURITIES ACT

The offering of the 600,000 common shares of the par value of $1.00 per share in the capital stock of the Company for sale in all of the Provinces of Canada other than Newfoundland and Prince Edward Island has been approved.

6. FISCAL YEAR

The fiscal year of the Company ends on December 31.

7. ANNUAL MEETING

Under the by-laws of the Company the annual meeting of the shareholders is held on such day in each year as the board of directors may from time to time determine. The Company was incorporated by letters patent dated December 30, 1957 and accordingly, no annual meeting has as yet been held.

8. HEAD OFFICE

The head office of the Company is at 133 Sixth Avenue East, Calgary, Alberta.

9. TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar in Canada for the common shares of the par value of $1.00 per share in the capital stock of the Company is National Trust Company, Limited at Toronto, Vancouver, Calgary, Winnipeg and Montreal. In the United States the Transfer Agent is The First National City Bank of New York, New York, and the Registrar is The Chase Manhattan Bank, New York.

10. TRANSFER FEE

No fee is charged on the transfer of the common shares of the par value of $1.00 per share in the capital stock of the Company other than the customary Government stock transfer taxes.

11. AUDITORS

Messrs. Price Waterhouse & Co., Chartered Accountants, 301 Eighth Avenue West, Calgary, Alberta.

12. OFFICERS

Eugene Henry Walet, Jr.	President,	Whitney Bldg., New Orleans, La.
Harold Wheatley Manley	Vice-President, Managing Director	First National Bldg., Tulsa, Okla.
Francis Edgar Lewis	Vice-President	Prudential Bldg., Houston, Texas.
Charles Joseph Ferry	Secretary	Whitney Bldg., New Orleans, La.
Leopold Louis Lassalle	Treasurer	Whitney Bldg., New Orleans, La.
Louis Eugene Parish	Controller	Whitney Bldg., New Orleans, La.

13. DIRECTORS

Eugene Henry Walet, Jr.	Executive	Whitney Bldg., New Orleans, La.
Harold Wheatley Manley	Executive	First National Bldg., Tulsa, Okla.
Francis Edgar Lewis	Executive	Prudential Bldg., Houston, Texas.
Ralph Lynn DeGroff	Executive	Garrett Bldg., Baltimore, Md.
Eberhard Paul Deutsch	Executive	Hibernia Bldg., New Orleans, La.
Anthony Lippincott Villa	Executive	26 Broadway, New York, N.Y.

CERTIFICATE

Pursuant to a resolution duly passed by its board of directors, the applicant company hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

CORPORATE SEAL

JEFFERSON LAKE PETROCHEMICALS OF CANADA LTD.

"EUGENE H. WALET, JR.", President.
"CHARLES J. FERRY", Secretary.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS
Distribution of Capital Stock as of June 16th, 1958

Number			Shares
224	Holders of	1 - 100 share lots	18,810
65	" "	101 - 200 " "	12,700
34	" "	201 - 300 " "	9,725
6	" "	301 - 400 " "	2,400
23	" "	401 - 500 " "	11,500
37	" "	501 - 1000 " "	33,350
41	" "	1001 - up " "	1,936,533
430 Stockholders		Total shares	2,025,018

NEW ISSUE

600,000 common shares

(of the par value of $1.00 each)

Jefferson Lake Petrochemicals of Canada Ltd.

(incorporated under the laws of Canada)

Transfer Agent and Registrar (Canadian)
NATIONAL TRUST COMPANY, LIMITED
Toronto, Calgary, Montreal,
Winnipeg and Vancouver, Canada

Transfer Agent (United States)
THE FIRST NATIONAL CITY BANK OF NEW YORK, U.S.A.

Registrar (United States)
THE CHASE MANHATTAN BANK, NEW YORK, U.S.A.

We, as principals, offer, subject to prior sale, 300,000 of these common shares of the par value of $1.00 each in the capital of Jefferson Lake Petrochemicals of Canada Ltd. if, as and when issued and accepted by us and subject to the approval of all legal matters on behalf of the Company by Messrs. Deutsch, Kerrigan & Stiles, 1800 Hibernia Bank Building, New Orleans, Louisiana, and Messrs. Chambers, Might, Saucier, Milvain, Peacock, Jones & Black, Lancaster Building, Calgary, Alberta and on behalf of the Underwriters by Messrs. Milbank, Tweed, Hope & Hadley, 15 Broad Street, New York, New York and Messrs. Blake, Cassels & Graydon, 25 King Street West, Toronto, Ontario. The remaining 300,000 common shares of the par value of $1.00 each are being offered concurrently in the United States by United States Underwriters.

Price: $5.50 per share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that interim share certificates will be ready for delivery on or about June 11, 1958.

The listing of the common shares of the Company on The Toronto Stock Exchange has been approved, subject to the filing of documents and evidence of satisfactory distribution.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE COMMON SHARES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE TORONTO STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET, OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

600,000 common shares

(of the par value of $1.00 each)

Jefferson Lake Petrochemicals of Canada Ltd.

(incorporated under the laws of Canada)

THE COMPANY, ITS BUSINESS AND PROPERTIES

Organization and Business

The Company (which was incorporated under the laws of Canada on December 30, 1957, on the initiative of Jefferson Lake Sulphur Company, Whitney Building, New Orleans, Louisiana), will, when the shares offered hereby are sold to the underwriters, have acquired a sulphur inventory and all fixed assets, contract rights and undertaking in Canada of Jefferson Lake Sulphur Company, which has indicated that any future Canadian activities in which it may be interested will be conducted by the Company. The Company's principal initial activities will consist of production of sulphur from purchased hydrogen sulphide gas in an existing plant in British Columbia, and the development of sources of "sour gas"—natural gas having a significant hydrogen sulphide content—in Alberta for production of sulphur, commercial pipeline gas, liquefiable petroleum gases and natural gasoline. The Company's initial sulphur inventory consists of the entire production (estimated at 25,000 long tons) of Jefferson Lake Sulphur Company's Peace River Plant (described below) since January 1, 1958. Sulphur production will be the Company's main business, and the location of the existing plant will place the Company in a favorable position to supply the requirements of the sulphur markets of Western Canada and the Pacific Northwest of the United States.

In exchange for its assets, rights and undertaking in Canada, Jefferson Lake Sulphur Company is to receive 1,425,000 of the 2,025,018 initially issued shares of the Company. The net cost to Jefferson

Lake Sulphur Company of the assets transferred to the Company is approximately $2,785,000. The aggregate value of the shares being issued in exchange for those assets, on the basis of the proposed offering price to the public of the shares offered hereby, is $7,837,500. It should be noted that since acquiring the interests described below under *Calgary Project,* Jefferson Lake Sulphur Company has conducted substantial development activities in the area, which have resulted in material increase in the proven mineral reserve therein. The Company is crediting Jefferson Lake Sulphur Company for certain expenses incurred by the latter for the Company's benefit and set forth in detail under USE OF PROCEEDS herein. Jefferson Lake Sulphur Company has determined to transfer its Canadian business to the Company because it considers that that business can be conducted most advantageously by a Canadian corporation in which Canadian investors hold a substantial equity interest.

Capitalization

The capitalization of the Company as at March 31, 1958 was:

Title of Class	Authorized	Outstanding as at March 31, 1958	Amount to be Outstanding If All Securities Being Registered Are Sold
Common shares, $1 par value(1) ..	2,500,000	18	2,085,018(2)
Series A Warrants to purchase common shares, $1 par value	60,000 share warrants	—	60,000 share warrants
5¼% mortgage	$113,507(3)	$113,507	$ 113,507

(1) Dividends paid to non-residents of Canada are subject to the withholding tax of 15% imposed by section 16:106(1)(a) of the Canadian Income Tax Act. Taxes so withheld may be credited against United States income taxes to the extent and in the manner permitted by the United States Internal Revenue Code and Treasury Regulations.

(2) Upon the issue of Series A Warrants to purchase 60,000 common shares, $1 par value, 60,000 of such shares will be reserved for issue upon exercise of the warrants.

(3) Repayable in monthly installments of $909, including interest, to March 1, 1973.

Note: See Note 4 to the FINANCIAL STATEMENTS herein for information as to obligations to be assumed by the Company under leases of real property.

Management and Sales

Jefferson Lake Sulphur Company expects to retain 1,400,000 (about 69%) of the Company's shares; will provide executive management for the Company at reasonable compensation therefor; and will contract to market the Company's sulphur for a sales fee of $1 per long ton sold. There is no formal management agreement between Jefferson Lake Sulphur Company and the Company. Jefferson Lake Sulphur Company is an established United States producer of sulphur, crude oil, distillates and commercial pipeline gas. It is now the third-ranking producer of sulphur in the United States; during the past three years, its annual production of sulphur has averaged about 465,000 long tons, that of Freeport Sulphur Company has averaged about 2,200,000 long tons, and that of Texas Gulf Sulphur Company has averaged about 3,200,000 long tons. Jefferson Lake Sulphur Company's United States sales are carried on through its own sales organization. The Company's sulphur will, in some instances, be sold in the same areas as sulphur produced by Jefferson Lake Sulphur Company, which has, however, contracted to use its best efforts to market the Company's sulphur on the best available terms.

The sulphur customers of Jefferson Lake Sulphur Company in the United States include Cities Service Company, Consolidated Chemical Industries division of Stauffer Chemical Company, Hercules Powder Company, International Minerals & Chemical Corporation, International Paper Company, Minnesota Mining and Manufacturing Company, National Aniline division of Allied Chemical & Dye Corporation, Olin Mathieson Chemical Corporation, St. Regis Paper Company, Scott Paper Company, United Sulphur Company, Victor Chemical Works and others. Foreign sulphur shipments are made to most of the principal sulphur importing countries, including Argentina, Australia, Austria, Belgium, Brazil, France, French North Africa, Western Germany, India, Japan, New Zealand, Philippine Islands, Switzerland and Uruguay.

The Company will handle its own sales of commercial pipeline gas, distillates and other liquefiable hydrocarbons, through its executive management furnished by Jefferson Lake Sulphur Company. The latter company presently sells substantial quantities of such products to such customers in the United States as Sinclair Crude Oil Company, United Fuel Gas Company, United Gas Corporation, Transcontinental Gas Pipe Line Corporation, Texas Gas Transmission Corporation and Humble Pipe Line Company. It is unlikely that any of the Company's products will be sold to these customers.

Peace River Project

Among the assets being transferred to the Company by Jefferson Lake Sulphur Company are a sulphur-manufacturing plant and agreements concluded in 1956 with Pacific Petroleums Ltd. and Westcoast Transmission Company Limited which give the Company the exclusive right to process large quantities of concentrated hydrogen sulphide gas into elemental sulphur. The Company purchases the hydrogen sulphide gas from Westcoast, but pays no royalty on the sulphur produced therefrom. The processing plant—which produces sulphur exceeding 99.5% in purity—is located in the Peace River area of British Columbia. It consists mainly of a steel-framed, aluminum-clad process building (which houses reaction furnaces, sulphur condensers, air blowers and pumps), two catalyst converters, storage tanks, appurtenant railroad spur line under construction, modern sulphur-loading equipment, warehouse and garage building, and office building. The plant, which is designed for an initial daily sulphur recovery capacity of 300 long tons, began operations in November, 1957; and is now producing sulphur at the rate of 63,000 long tons per annum. Rail shipments from the plant to Vancouver, B.C., are to commence on a temporary basis in June, 1958, and on a permanent basis in July, 1958.

The hydrogen sulphide gas furnished to this plant is extracted from sour gas in the adjacent amine-treatment plant of Westcoast Transmission Company Limited, and the pipeline gas remaining after extraction of the hydrogen sulphide is available for distribution by Westcoast and its distributees through their extensive gas-transmission facilities in British Columbia and the Pacific Northwest. The suppliers of the hydrogen sulphide gas, on whose production thereof the Company has first call for a minimum period of twenty years, now control about 70% of the proven natural gas reserve in the 20,000,000-acre Peace River area, and Westcoast's pipeline is the only substantial market for pipeline gas produced in that area. Sixty-five gas fields have been discovered in the Peace River area and twenty-one different horizons, ranging in age from the Cretaceous to the Devonian and ranging in depth from 1,400 to 11,000 feet, have been proven to date for gas production. The Company deems it a reasonable anticipation that all hydrogen sulphide gas produced in the area will ultimately be processed in the Company's sulphur-recovery plant. Based on available information, it is estimated that the recoverable sulphur reserves available to the Company under this arrangement and proven to date aggregate 2,090,000 long tons.

Calgary Project

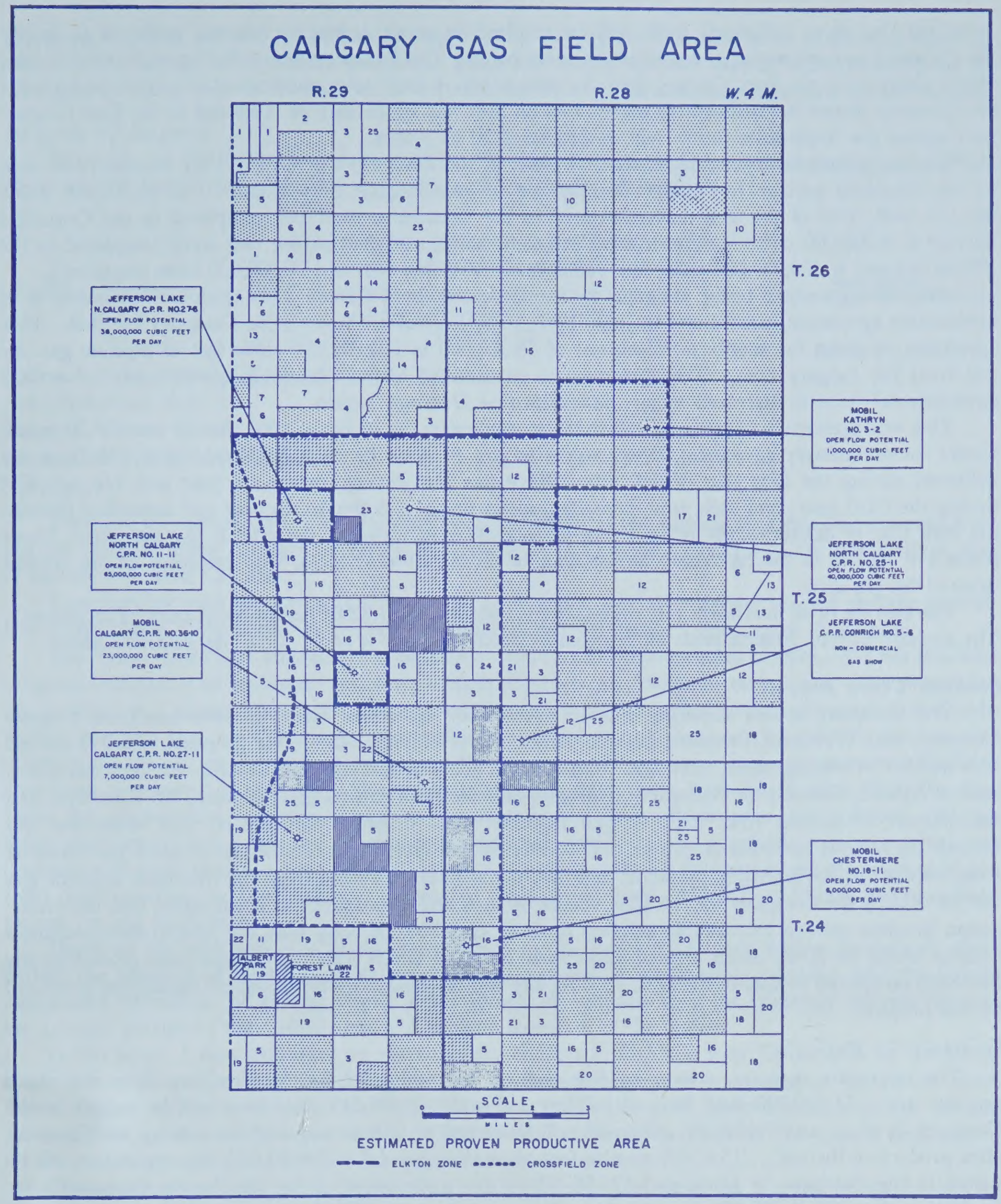
Further agreements which the Company is acquiring from Jefferson Lake Sulphur Company are those made in 1957 with Mobil Oil of Canada, Ltd. (a Canadian subsidiary of Socony Mobil Oil Company, Inc.) and the Canadian Pacific Railway Company. Under these agreements the Company will acquire certain, and will be entitled to acquire further, natural gas leasehold interests in 80,000 acres, more or less, in the Calgary area of Alberta, Canada. It is anticipated that this development will result in production of sour gas and distillates, from which, after plant processing, elemental sulphur, commercial pipeline gas, liquefiable petroleum gases and condensates can be produced. The natural gas interests will be assigned to the Company in successive stages as it exercises its right to conduct a two-phase drilling program and thereafter to develop the area and to erect the necessary gas-processing and sulphur-recovery plants for production of sulphur, distillates, liquefiable petroleum gases and commercial pipeline gas. The projected daily designed sulphur production capacity of these plants is 300 long tons. Construction is tentatively scheduled to begin in the first half of 1959. The cost of construction, estimated at $8,000,000 to $10,000,000, may be defrayed by long-term secured or unsecured debt financing or in such other manner as management may deem most favorable in the light of economic conditions prevailing at the time.

Seven shut-in gas wells have been completed for production on this acreage. These wells have proved up gas reserves in three producing horizons, the Devonian Crossfield, the Mississippian Elkton and the Lower Cretaceous. An eighth well, which encountered the Crossfield horizon, is not being completed because of lack of commercial porosity. The proven Crossfield reserve lies within an area of 28,930 acres, of which 21,230 acres lie within the Company's 80,000-acre area of interest. The proven Cretaceous reserve lies within an area of 1,920 acres, of which 1,360 acres lie within the Company's area of interest. The proven Elkton reserve of 1,280 acres lies entirely within the Company's area of interest. The Company's working interest (after deduction of royalties) in the products recoverable from the field gas reserve in its area of interest, until and following, respectively, estimated recovery (as defined in the agreements) of certain capital drilling, field-facility and plant costs, will be as follows: sulphur—94.98% and 47.49%; liquefiable petroleum gases—96.09% and 48.045%; and commercial pipeline gas and condensates—87.2% and 43.6%.

The Company's share (after deduction of royalties) of the reserves proven thus far in the limited portion of the Company's area of interest which has been developed at this time aggregates at least 2,436,349 long tons of sulphur, 94.02 billion cubic feet of pipeline gas, and, in the Elkton tract, 553,839 barrels of condensate and 457,406 barrels of liquefiable petroleum gases. Additional reserves, proven to date, and also dedicated to production in the plants to be erected by the Company, and to sale by the Company, make an aggregate proven reserve so dedicated of 5,130,000 long tons of sulphur, 215.6 billion cubic feet of pipeline gas, and, in the Elkton tract, 1,270,000 barrels of condensate and 952,000 barrels of liquefiable petroleum gases. The Company will receive all net revenues from its field operations (less royalties and less income from wells drilled by others) and not less than 70% of net plant revenues from processing and marketing of the total proven reserve until estimated recovery by the Company, from such net revenues, of the capital costs of the initial drilling program and of its plants and field facilities, and 50% of such field-operation revenues, and 45% of net plant revenues, thereafter. The Company's interest in sour gas and the products thereof will extend to all strata; its interest in "sweet gas" (natural gas requiring no processing for removal of hydrogen sulphide) is limited to production from strata not more than 9,000 feet below the surface.

The Company is continuing drilling development activities in its 80,000-acre area of interest and expects to extend the areas of proven reserves therein progressively as more wells are drilled. It is

Shaded portion of map locates PEACE RIVER AREA, including the only completed sulphur plant. Proposed plant locations are shown at Calgary and Savanna Creek.



The Company's area of interest is indicated by shading.

estimated that three additional wells will be required to prove aggregate reserves sufficient to justify the projected gas-processing and sulphur-recovery plants. The Company is negotiating with other owners of gas interests in the East Calgary field, for processing of their sour gas in the Company's plants; and the Company deems it reasonable to expect that all sour gas which may be produced in the East Calgary field within the foreseeable future will be processed in its plants.

The daily open-flow potential of the five wells in the Company's area of interest completed to date to the Crossfield horizon is 77,000,000 cubic feet of gas, ranging from 1,000,000 to 40,000,000 cubic feet per well; that of the well drillstem-tested in the Cretaceous sand and completed to the Crossfield horizon is 4,300,000 cubic feet from the Cretaceous sand; and that of the two wells completed to the Elkton horizon is 103,000,000 cubic feet (65,000,000 from one well and 38,000,000 from the other).

Another agreement being assigned to the Company by Jefferson Lake Sulphur Company is a preliminary agreement entered into in June, 1957, with Westcoast Transmission Company Limited. This agreement provides for supply to Westcoast of 50,000,000 to 100,000,000 cubic feet of pipeline gas per day from the Calgary area. The agreement is conditioned on the obtaining by Westcoast of certain governmental permits discussed under *Administrative Hearings* herein.

This arrangement is tentatively scheduled to commence in January, 1960 and to run for 20 years. Under the preliminary agreement, Westcoast is to pay 14 cents for each 1,000 cubic feet (Mcf) of gas delivered during the first year of deliveries, 14½¢ per Mcf during the second year and 15¢ per Mcf during the third year; and each year thereafter, commencing with the fourth year and extending through the 20th year of deliveries, the price will be progressively increased at the rate of ¼¢ per Mcf. These prices are subject to the customary adjustment, in certain circumstances, with reference to the heating value of the gas sold.

The current price in Alberta for condensates is approximately $2.82 per Imperial barrel (35 gallons). The average current Alberta price for liquefiable petroleum gases is about $1.22 per Imperial barrel.

Savanna Creek Project

The Company is also acquiring another preliminary agreement made by Jefferson Lake Sulphur Company with Westcoast Transmission Company Limited in June, 1957. This proposal, which is subject to a number of contingencies, envisages joint construction and operation of plants in the Savanna Creek area of Alberta, Canada, for removal of hydrogen sulphide from natural gas purchased by Westcoast, and manufacture of sulphur from the hydrogen sulphide. The proposal contemplates that Westcoast will furnish the natural gas without charge, that Westcoast will receive the commercial pipeline gas resulting from removal of the hydrogen sulphide, and that the sulphur recovered from the hydrogen sulphide gas will be sold by the Company for the joint benefit of itself and Westcoast. It is estimated that this transaction involves proven recoverable sulphur reserves of 4,700,000 long tons (in which the Company's interest would be 50%) in an area of some 9,648 acres, of which 5,500 acres have been proved by the five wells completed to date in the area. No royalty will be payable by the Company on sulphur produced by this project.

Summary of Reserves

The aggregate reserves, proven to date, subject to production by the Company from the above projects are: 11,920,000 long tons of sulphur (of which 2,436,349 long tons will be vested in the Company in place, and 9,483,651 additional will be owned or will be acquired for sale by the Company after production thereof), 215.6 billion cubic feet of pipeline gas (of which 94.02 billion cubic feet will be vested in the Company in place, and 121.58 billion are to be acquired for sale by the Company after production thereof), 1,270,000 barrels of condensate (of which 553,839 barrels will be vested in the

Company in place, and 716,161 are to be acquired for sale by the Company after production thereof), and 952,000 barrels of liquefiable petroleum gases (of which 457,406 barrels will be vested in the Company in place, and 494,594 are to be acquired for sale by the Company after production thereof).

Reports of Experts

Below are set forth reports addressed to the Company by independent experts relating to the Peace River area of British Columbia and to the East Calgary field, Alberta.

RALPH E. DAVIS ASSOCIATES
CONSULTANTS

NEW YORK
90 BROAD STREET

PETROLEUM AND NATURAL GAS
1238 COMMERCE BUILDING
HOUSTON

SHREVEPORT
TEXAS EASTERN BUILDING

April 10, 1958

Jefferson Lake Petrochemicals of Canada Ltd.
113 6th Avenue East
Calgary, Alberta, Canada

Attention: Mr. H. W. Manley

Gentlemen:

Pursuant to your request, I have made a detailed study of the sulphur that can be recovered from the gas supplies under contract to Westcoast Transmission Company Limited in the Peace River area of British Columbia, Canada.

I am familiar with the British Columbia gas fields and the sulphur content thereof and the productive potentialities of the region as a result of numerous reserve studies I have made of the area.

The Peace River area embraces approximately twenty (20) million acres of land. Within this area lie great thicknesses of sediments and many anticlinal structures. Some of major size, some proved for gas production, and others known to be present from data revealed through seismic, surface and subsurface mapping that are considered prospective for natural gas production. In spite of the fact that much of the area is yet untested and relatively few deep tests have been drilled, approximately 65 fields have been discovered in the area. The majority of these fields have been found since 1949, the time when, for all practical purposes, exploratory drilling in the Peace River area was initiated. Of the fields discovered, only a few are oil productive and the remainder are gas fields, many of which are productive in more than one zone. As of this date, approximately 21 different horizons, ranging in age from the Cretaceous to Devonian and ranging in depth from about 1400 feet to 11,000 feet have been proved for gas production.

Based on the high incidence of discovery of gas in the Peace River area during a relatively short period, the presence of other favorable structures as outlined by exploratory mapping, and the largely unexplored formations at greater depth, I am forced to conclude that the presently proved reserves are a minor portion of the ultimate gas and sulphur resources of the region.

In this study, I have estimated by reservoirs the sulphur available to your Company from the Westcoast Transmission Company controlled wet gas reserves tributary to your sulphur extraction plant. These sulphur estimates were in most cases based on gas analyses of the produced reservoir stream. In those few instances where analyses were not available, the gas analysis of the closest reservoir of the same geologic age was applied to compute the sulphur content.

The gas reserves used in this report of available sulphur are based on a recent study I made of the proved gas reserves controlled by Westcoast Transmission Company Limited as of May 1, 1957.

That estimate of gas reserves did not deal with the sizeable uncontrolled gas reserves of the area. As of May 1, 1957, I estimated that the proved British Columbia wet gas reserves controlled by Westcoast Transmission Company Limited totalled 2,104 billion cubic feet.

It is my estimate that the 2,104 billion cubic feet of wet gas controlled by Westcoast Transmission Company Limited in British Columbia contain 2,272,740 long tons of sulphur of which 92 per cent or 2,090,921 long tons are considered proved reserves.

I hereby consent to use of this report, and to reference to my having prepared this report as an expert in petroleum and natural gas engineering, in the prospectus and registration statement of Jefferson Lake Petrochemicals of Canada Ltd., in respect of the proposed public offering of common shares of that company in May or June, 1958.

Very truly yours,

RALPH E. DAVIS ASSOCIATES

Robert L. Gollnick
Robert L. Gollnick

RALPH E. DAVIS ASSOCIATES
CONSULTANTS
PETROLEUM AND NATURAL GAS
1238 COMMERCE BUILDING
HOUSTON

NEW YORK
90 BROAD STREET

SHREVEPORT
TEXAS EASTERN BUILDING

CERTIFICATE

I, Robert L. Gollnick, of 1238 Commerce Building, Houston, Texas, hereby certify as follows:

1. I am a petroleum geologist and reservoir engineer of the staff of Ralph E. Davis Associates, consultants, and reside at 11838 Bayhurst Drive, Houston, Texas.

2. I was graduated from the University of Illinois, in 1940, where I majored in Geology. I received my Master of Science degree in Petroleum Geology at the University of Illinois in 1941. I have been engaged in reservoir engineering work for more than fifteen (15) years, and for more than seven (7) years have been on the staff of Ralph E. Davis Associates. My work has included the study of most of the important oil and gas producing areas of the United States and Canada, as well as those of certain overseas areas. I am familiar with the sulphur contents and sulphur recoveries of certain natural gas reserves of North America as a result of previous sulphur reserve studies.

3. I am a member of the American Association of Petroleum Geologists, the American Institute of Mining and Metallurgical Engineers, the American Gas Association, the Society of Economic Paleontologists and Mineralogists, the Houston Geological Society and other professional organizations.

4. I have no interest directly or indirectly, nor do I expect to receive any interest directly or indirectly, in the properties referred to in the accompanying report, or in any securities of Jefferson Lake Petrochemicals of Canada Limited.

5. I am familiar with the gas fields included in the accompanying report as a result of the numerous studies I have made of the Peace River Area reserves. Certain of the fields included in the report were visited by me during a field examination in 1954. With reference to those gas fields and installations that have not been examined by me personally, I deem such an examination unnecessary as a result of the detailed basic data of these fields supplied me, as well as my personal knowledge of the geology and reservoir characteristics of the area.

6. The accompanying report to Jefferson Lake Petrochemicals of Canada Ltd. is based on studies made by me and under my direct supervision and on factual basic data accepted by me from the files of the Westcoast Transmission Company Limited.

RALPH E. DAVIS ASSOCIATES

ROBERT L. GOLLNICK
Robert L. Gollnick

April 10, 1958

McDANIEL CONSULTANTS LTD.

Oil and Gas Reservoir Evaluations

R. R. McDANIEL, P. ENG.
TELEPHONE AMHERST 9-1683

231 EIGHTH AVENUE WEST,
CALGARY, ALBERTA

April 30, 1958.

Jefferson Lake Petrochemicals of Canada Ltd.
113-6th Avenue East
Calgary, Alberta

Gentlemen:

Pursuant to your request, we have made a study of the natural gas, natural gas liquids, and sulphur reserves in the Calgary gas field.

The Calgary gas field is situated immediately east of the City of Calgary, Alberta. In this field natural gas has been found in a sand of Lower Cretaceous Age in the Elkton member of Mississippian Age and in the Crossfield member of Devonian Age. Although drilling in this area has been carried out on a widespread basis the productive limits of the various natural gas reservoirs in question have not been fully delineated. It is, therefore, evident that the natural gas reservoirs in question may have a much greater areal extent than herein estimated on a proven basis. As a result, it is believed that substantially larger volumes of gas reserves may well be established with further drilling. In view of the large shrinkage in the natural gas volumes that will no doubt occur with the removal of sulphur and heavier hydrocarbons, the aforementioned estimates have been shown on a raw and pipeline reserve basis.

All the natural gas reserve figures have been estimated on a base pressure of 14.4 psia and a temperature of 60 degrees Fahrenheit. The term "Raw Natural Gas" refers to the volumes of natural gas from which no substances have been removed through any separation or plant processing. The term "Pipeline Natural Gas" refers to the volumes of natural gas remaining after all processing and as such should be suitable for sale. It will be noted that in the estimation of the "Condensate" and "Liquefiable Petroleum Gases" reserves no allowance was made for any processing plant deductions or losses. In considering the condensate and liquefiable petroleum gases reserves, a barrel has been employed as being equal to 35 Imperial gallons. It was also assumed that the necessary production and processing equipment would be installed to recover both the natural gas liquids and sulphur contents of these natural gases. No natural gas liquids or sulphur reserves were assigned in this study to the natural gas reserves of the Lower Cretaceous horizon because accurate analysis data was not available. It is believed, however,

that a natural gas liquid content in the order of that found in the Elkton horizon will probably be found. The natural gas found in the Crossfield member contains only a minor amount of natural gas liquids and, therefore, no such reserves are postulated in that case.

The interests of Jefferson Lake Petrochemicals of Canada Ltd. in the Calgary gas field are in association with holdings of Mobil Oil of Canada, Ltd. The volumes of reserves estimated to accrue to the combined interests of these companies have been termed herein as "Group" reserves. The term "Total" reserves herein represents the total reserve estimates of all interests including the aforementioned "Group" interests in the Calgary gas field. In all cases the various reserve estimates are before any gross royalty deductions.

The total gross natural gas, condensate, liquefiable petroleum gases and sulphur reserves in the Calgary gas field as of April 30, 1958 have been estimated to be as follows:

Estimated Gross Share of Reserves by Zones as of April 30, 1958

	Lower Cretaceous		Elkton		Crossfield		Total	
	Group	Total	Group	Total	Group	Total	Group	T
Proven Raw Natural Gas Reserves—Billions of Cubic Feet	18.1	26.6	60.4	60.4	426	567	504.5	65
Proven Pipeline Natural Gas Reserves—Billions of Cubic Feet	15.7	23.1	50.9	50.9	149	198	215.6	27
Condensate Reserves—Thousands of Barrels	—	—	1,270	1,270	—	—	1,270	1,27
Liquefiable Petroleum Gas Reserves—Thousands of Barrels..	—	—	952	952	—	—	952	95
Sulphur Reserves—Thousands of Long Tons	—	—	20	20	5,110	6,800	5,130	6,82

The extent and character of ownership and all other factual data as supplied by Jefferson Lake Petrochemicals of Canada Ltd. were accepted as represented.

The undersigned hereby consents to the use of this report and to his Certificate of Qualification in a prospectus and registration statement of Jefferson Lake Petrochemicals of Canada Ltd. in respect to the proposed public offering of common shares of that Company.

Sincerely yours,

[SEAL]

McDANIEL CONSULTANTS LTD.

R. R. McDANIEL
per R. R. McDaniel, *President.*

CERTIFICATE OF QUALIFICATION

I, Roderick Rogers McDaniel, Petroleum Engineer, of 231 8th Avenue West, Calgary, Alberta, Canada, hereby certify:

1. That I am the President of McDaniel Consultants Ltd. which company did prepare a report upon certain interests of Jefferson Lake Petrochemicals of Canada Ltd. during the months of March and April, 1958. That I as such President supervised the preparation of such report.

2. That McDaniel Consultants Ltd., its officers or employees have no direct or indirect interest, nor do they expect to receive any direct or indirect interest in the properties of Jefferson Lake Petrochemicals of Canada Ltd., or in any securities of that Company.

3. That I attended the University of Alberta in the years 1944 and 1945 and the University of Oklahoma in the years 1945 to 1947, and that I graduated with a Bachelor of Science degree in Petroleum Engineering from the University of Oklahoma; that I am a member of the Canadian Institute of Mining and Metallurgy, that I am a registered Professional Engineer in the Provinces of Alberta and Saskatchewan and that I have in excess of nine years' experience in oil and gas reservoir studies and evaluations of western Canadian fields.

4. That the aforementioned report is based on a personal field examination of certain of the Company's properties in the Calgary gas field on a number of occasions during the latter part of 1957 and the first part of 1958. In the cases of those properties where a personal field examination has not been made such examination was deemed unnecessary in view of the volume and accuracy of the records supplied by the Company as well as my personal knowledge of the general reservoir conditions and characteristics throughout the area in question.

[SEAL]

R. R. McDaniel

R. R. McDaniel, P. Eng.
Alberta and Saskatchewan

Calgary, Alberta
April 30, 1958

Administrative Hearings

Application has been made to The Oil and Gas Conservation Board of the Province of Alberta for establishment of a well-spacing pattern for natural gas development in the Calgary field. Hearings were held in May, and a decision of the Board should be rendered within a few weeks.

As noted under *Calgary Project* herein, effectiveness of the gas supply contract with Westcoast Transmission Company Limited described therein is subject to the obtaining of certain Canadian and American governmental authorizations for transmission into the United States of gas to be supplied to Westcoast under the contract. An application by Westcoast in this connection is now pending before the Alberta Oil and Gas Conservation Board. A Canadian Royal Commission (commonly called the

Borden Commission) is now making a study of, among other things, the export of energy and sources of energy from Canada. It is expected that the findings of this Commission will have an important bearing upon relevant determinations as to export of gas from Canada.

USE OF PROCEEDS

The net proceeds received by the Company from the sale of the shares and warrants after deducting estimated Company organization and financing expenses of $150,000 (part of which has already been paid by and will be reimbursed to Jefferson Lake Sulphur Company), will constitute the initial liquid capital of the Company and will be used for general corporate purposes, to provide working capital, and for development of the Company's projects in Canada.

The Company anticipates that approximately $400,000 will be used for reimbursement of sulphur-production expenses (including allocated executive and administrative overhead charges and applicable inventory items) incurred since January 1, 1958, and $160,000 for repayment of the cost of tubular goods and supplies acquired, by Jefferson Lake Sulphur Company for the Company's account. About $315,000 will be applied to reimbursement of Jefferson Lake Sulphur Company for geophysical costs and the cost of drilling and completing a gas well for the Company's benefit in the East Calgary field in 1958. It is estimated that the aggregate cost of a second gas well drilled (but not completed) in 1958 by Jefferson Lake Sulphur Company for the Company's account, and of two additional projected wells, in the Calgary field will aggregate approximately $700,000.

Some $200,000 will go to completion of the Peace River plant and reimbursement of Jefferson Lake Sulphur Company for costs of the Peace River project since January 1, 1958; and about $15,000 will be used to repay expenses incurred by the latter company in procuring prepaid insurance for the Company's benefit. The Company's initial working capital will comprise approximately $1,150,000, including proceeds of a mortgage loan in the amount of $113,000.

SULPHUR

Sources

Elemental sulphur occurs in volcanic deposits; and also in association with beds of gypsum and limerock, usually in the caprock of piercement-type salt domes. Most sulphur produced from gypsum and limerock deposits (including almost all sulphur produced in the United States) is mined by the Frasch process from the caprock overlying piercement-type coastal salt domes in Texas, Louisiana and Mexico. No sulphur is mined in Canada by the Frasch process.

Sulphur is also extracted from pyrites, principally in the United States, Canada, the Near East, Norway, Portugal, Spain and Sweden. Another source is volcanic sulphur deposits, found in various parts of the United States, Sicily, Japan, the Andes mountains and the Netherlands East Indies.

A more recent development is production of sulphur from sour gas. Such gas must first be processed through a gas-extraction plant which separates out the hydrogen sulphide, making the residue marketable as pipeline gas. The separated hydrogen sulphide is then reduced to elemental sulphur by chemical

processing in an adjoining plant. The operation is largely automatic in both processes. This is the type of sulphur production in which the Company will engage.

Uses

Sulphur is one of the four basic raw materials of the chemical industry, the other three being salt, coal and limestone.

Approximately 75% of sulphur consumed is used in the production of sulphuric acid, which in turn is used in oil refining and in production of heavy chemicals, fertilizers, textiles, steel, paint, rubber and other commodities. Approximately 10% of available sulphur is required by the pulp and paper industry. The balance is used in other chemical compounds found in dyes and coal tar products, insecticides, explosives, fine chemicals and pharmaceuticals.

Competitive Conditions in the Industry

Currently quoted United States prices in the Oil, Paint & Drug Reporter for canary yellow sulphur (99.5% pure, free of arsenic, selenium and tellurium) are $25 per long ton FOB vessel, Galveston, for export shipments, and $23.50 per long ton FOB cars, mines, for domestic shipments.

The following statistics relating to the sulphur industry in the United States during the past five years are reported by the United States Bureau of Mines as to production, imports, exports and consumption, and by Jefferson Lake Sulphur Company as to average prices received by that company:

	1953	1954	1955	1956	1957
Total United States production of elemental sulphur in long tons	5,535,259	5,938,244	6,198,660	6,949,043	6,050,000*
Imports, long tons	1,200	1,100	35,000	203,000	475,000*
Exports, long tons	1,271,011	1,675,130	1,635,652	1,675,331	1,579,821*
Apparent United States consumption ...	4,245,700	4,041,800	4,625,800	4,691,100	4,400,000*
Average price per long ton in domestic market, F.O.B. mines	$26	$27	$26	$26	$25
Average price per long ton in export market, F.O.B. vessels, Galveston ...	$30	$33	$30	$29	$24

* Estimates for 1957.

During the period 1953-1956, as reported by the Dominion Bureau of Statistics, annual Canadian production of elemental sulphur has increased from approximately 8,000 to about 30,000 long tons and annual Canadian sulphur imports have increased from 375,000 to 427,000 long tons. Based on these production and import figures, annual Canadian consumption of elemental sulphur has apparently increased from 383,000 to some 457,000 long tons in the period 1953-1956. Canada has not yet commenced substantial exports of sulphur. No Canadian sulphur statistics are yet available for 1957.

According to statistics published by the United States Bureau of Mines for the period 1953-1956 (statistics for 1957 not yet being available), world production of elemental sulphur during that period has increased from 6,142,000 to 8,465,000 long tons, and world consumption of elemental sulphur has increased from 6,122,000 to 7,678,000 long tons.

The increase in world sulphur production stems from discovery of new sources in the United States and from exploitation of sulphur deposits in Mexico. The Company understands that in the period 1952-1957, annual production of Mexican sulphur has grown from about 25,000 to 900,000 long tons; and that Mexican production, in addition to supplying the Mexican market, is sold principally in Florida and elsewhere along the eastern seaboard of the United States, as well as in the other principal sulphur-importing countries. The downward trend in sulphur prices during the past four years is primarily attributable to this increase in world sulphur production. The latest significant change in sulphur prices occurred eight months ago, when United States domestic and export prices were reduced by $3 per long ton.

The Company understands that 1,050,591 long tons of elemental sulphur produced in the United States were sold in the first quarter of 1958, as compared with 1,241,737 long tons sold in the first quarter of 1957.

MANAGEMENT

Name	Position	Address
Eugene H. Walet, Jr.	President, Director	Whitney Bldg., New Orleans, La.
Harold W. Manley	Vice-President, Managing Director, Director	First National Bldg., Tulsa, Okla.
F. E. Lewis	Vice-President, Director	Prudential Bldg., Houston, Tex.
Charles J. Ferry	Secretary	Whitney Bldg., New Orleans, La.
L. L. Lassalle	Treasurer	Whitney Bldg., New Orleans, La.
Louis E. Parish	Controller	Whitney Bldg., New Orleans, La.
Ralph L. DeGroff	Director	Garrett Bldg., Baltimore, Md.
Eberhard P. Deutsch	Director	Hibernia Bldg., New Orleans, La.
Anthony L. Villa	Director	26 Broadway New York, N. Y.

Mr. Walet is, and for the past five years has been, president of Jefferson Lake Sulphur Company. Mr. Manley is, and since 1956 has been, a vice-president of Jefferson Lake Sulphur Company; was an independent oil producer, drilling contractor and oil and gas consultant during the years 1953-1956; and had, prior thereto, been affiliated, in an executive capacity, with Sunray Oil Corporation.

Mr. Lewis, a chemical engineer, is, and since 1955 has been, a vice-president of Jefferson Lake Sulphur Company; and had, for more than two years prior to 1955, been affiliated with The Merichem Company, a producer of petrochemicals. Messrs. Ferry, Lassalle and Parish are, and for the past five years have been, respectively vice-president and secretary, vice-president and treasurer, and controller of Jefferson Lake Sulphur Company.

Mr. DeGroff is, and for the past five years has been, a partner in the New York Stock Exchange firm of Messrs. Robert Garrett & Sons (Baltimore). Mr. Deutsch is, and for the past five years has been, senior partner in the law firm of Messrs. Deutsch, Kerrigan & Stiles (New Orleans). Mr. Villa is, and for the past five years has been, a partner in the New York Stock Exchange firm of Messrs. Jesup & Lamont. Messrs. DeGroff, Deutsch and Villa are directors of Jefferson Lake Sulphur Company.

It is contemplated that on completion of this financing, Messrs. Frank M. McMahon, Pacific Bldg., Calgary, Alta. (who is president and managing director of Westcoast Transmission Company Limited and has for the past five years been chairman of the board and a director of Pacific Petroleums Ltd.), and John S. Gairdner, 320 Bay St., Toronto, Ont. (who has for the past five years been an executive and a director of Gairdner & Company Limited), will become directors of the Company. Jefferson Lake Sulphur Company has agreed to use its best efforts to assure that a director of Gairdner, Son & Company Limited or another nominee of that firm acceptable to Jefferson Lake Sulphur Company will be maintained in office as a director of the Company until June 1, 1968.

The Company has paid no remuneration to any of its officers and directors. It is contemplated that the Company's executive management will be supplied by Jefferson Lake Sulphur Company; and that, in that connection, part of the compensation paid by the latter company to its personnel will be reimbursed to it by the Company on the basis of the time devoted by them to the Company's affairs. The amount of this reimbursement in respect of services rendered by officers and directors of the Company for the current fiscal year (ending December 31, 1958) is estimated at $54,550. The Company will also reimburse Jefferson Lake Sulphur Company for the use of certain facilities.

The Company is considering establishment of a general contributory pension retirement plan open to all qualified employees, and in which all of the Company's officers would be entitled to participate. Under the plan being considered, the normal pension retirement payment would take the form of monthly payments for life upon retirement from the Company's employ at age 65 (male employees) or 60 (female employees) equal to 15% of average monthly salary (maximum annual salary to be taken into consideration: $10,000) plus ¼% of average monthly salary for each year of participation in the plan.

DESCRIPTION OF SHARES

All common shares are entitled to share equally in dividends when and as declared by the Company's directors. The common shares have full voting rights, each share being entitled to one vote; are entitled to participate equally in the Company's net assets in event of liquidation; and have no pre-emptive or conversion rights. The shares offered hereby, when sold as set forth herein, and the other shares to be issued as set forth herein, will be fully paid and non-assessable. There are no redemption or sinking-fund provisions respecting the common shares.

The transfer agents for the common shares are The First National City Bank of New York (New York) (The Chase Manhattan Bank, New York, N. Y., registrar) and National Trust Company, Limited

(Toronto, Calgary, Montreal, Winnipeg and Vancouver). The listing of the common shares on the Toronto Stock Exchange has been approved, subject to the filing of documents and evidence of satisfactory distribution.

WARRANTS

Concurrently with issuance of the shares offered hereby, the Company will sell to the underwriters Series A Warrants for purchase of 60,000 additional $1-par common shares. Each warrant will subsist until 2:00 P.M., Mountain Standard Time, on June 1, 1963, and will be exercisable at $5.75 (Canadian currency) per share purchasable thereunder until 2:00 P.M., Mountain Standard Time, on June 1, 1960, and at $6.25 (Canadian currency) thereafter.

The warrants will be issued under a trust indenture between the Company and National Trust Company, Limited, trustee. The warrants will be redeemable by the Company after June 1, 1960, by deposit with the trustee, for the benefit of and after giving thirty days' notice by publication to the warrantholders, of the sum of $1 (Canadian currency) per share purchasable under warrants unexercised at the effective time of the redemption, for the benefit of holders of such warrants.

The warrant indenture contains provision for appropriate adjustment in the numbers of shares purchasable under the warrants, and in the warrant price per share, in event of split or combination of the Company's common shares, or issuance by the Company of common shares (with certain exceptions) after issuance of the warrants at a price lower than the then current warrant exercise price. The indenture also provides for notice by publication to, and preservation of the rights of, warrantholders in event of capital reorganization, merger or consolidation of the Company, sale of all or substantially all of its assets, or issuance of rights (other than employee stock options) to subscribe to shares purchasable under the warrants.

The indenture contains provision for meetings of warrantholders held on notice by publication, at which meetings each warrantholder (other than the Company) shall be entitled to one vote (in person or by proxy) for each share purchasable under his warrants. At such meetings, certain rights of warrantholders may be modified and instructions may be given to the trustee, by vote of less than all of the warrantholders. However, neither the obligation of the Company to issue the shares called for by the Series A Warrants upon exercise thereof, nor the right of any Series A Warrantholder to enforce that obligation by appropriate proceedings, may be impaired except by vote of all Series A Warrantholders. The indenture also provides for issuance of warrants of other series. No such issuance is presently contemplated.

UNDERWRITING

United States Underwriters

Subject to the terms of the United States underwriting agreement, the United States underwriters are under a firm commitment to purchase the number of shares and quantity of Series A Warrants set forth opposite their respective names as follows:

Name	Address	Number of Shares	Number of Shares Purchasable Pursuant to Warrants
Hornblower & Weeks	40 Wall Street, New York 5, N. Y.	50,000	5,000
Robert Garrett & Sons	South & Redwood Streets, Baltimore 3, Md.	50,000	5,000
Kuhn, Loeb & Co.	30 Wall Street, New York 5, N. Y.	35,000	3,500
Hayden, Stone & Co.	25 Broad Street, New York 4, N. Y.	25,000	2,500
W. E. Hutton & Co.	14 Wall Street, New York 5, N. Y.	25,000	2,500
Reynolds & Co., Inc.	120 Broadway, New York 5, N. Y.	25,000	2,500
Tucker, Anthony & R. L. Day	120 Broadway, New York 5, N. Y.	25,000	2,500
Alex. Brown & Sons	135 East Baltimore Street, Baltimore 2, Maryland	20,000	2,000
Boettcher and Company	828 Seventeenth Street, Denver 2, Colorado	15,000	1,500
Laird, Bissell & Meeds	DuPont Building, Wilmington 99, Delaware	15,000	1,500
Stein Bros. & Boyce	6 South Calvert Street, Baltimore 2, Maryland	15,000	1,500
	Total	300,000	30,000

The Company has been advised by Messrs. Hornblower & Weeks and Robert Garrett & Sons, the representatives of the United States underwriters, that those underwriters may offer 300,000 of the shares covered hereby at the price to the public set forth on the cover of this prospectus, and to certain dealers at that price less a concession of not in excess of 30¢, United States currency, per share; and that the underwriters and such dealers may reallow a discount of not in excess of 15¢, United States currency, per share on sales to other dealers.

The Company has agreed to contribute $6,000 to the payment of special expenses incurred by the United States underwriters in connection with this financing.

Mr. Ralph L. DeGroff, a director of the Company, is a general partner of Messrs. Robert Garrett & Sons.

Canadian Underwriter

Subject to the terms of the Canadian underwriting agreement, the Canadian underwriter, Gairdner, Son & Company Limited, is under a firm commitment to purchase 300,000 of the shares and 30,000 of the Series A Warrants. The Company has been advised by Gairdner, Son & Company Limited, that the Canadian underwriter may offer 300,000 of the shares covered hereby at the price to the public set

forth on the cover of this prospectus, and to certain Canadian dealers at that price less a concession of not in excess of 40¢, Canadian currency, per share.

Gairdner, Son & Company Limited is being paid $7,500 (Canadian currency) by the Company as a financial and business advisory fee for services rendered and has been paid $1,000 in reimbursement of special expenses incurred in connection with this underwriting.

LEGAL OPINIONS

The legality of the shares offered hereby is being passed upon for the Company by Messrs. Deutsch, Kerrigan & Stiles, 1800 Hibernia Bank Building, New Orleans, Louisiana, and Messrs. Chambers, Might, Saucier, Milvain, Peacock, Jones & Black, Lancaster Building, Calgary, Alberta; and for the underwriters by Messrs. Milbank, Tweed, Hope & Hadley, 15 Broad Street, New York, New York, and Messrs. Blake, Cassels & Graydon, Canadian Bank of Commerce Building, Toronto, Ontario.

EXPERTS

The pro forma financial statements and related notes in this prospectus have been included in reliance on the opinion of Price Waterhouse & Co., independent public accountants and on the authority of that firm as experts in auditing and accounting. The reserve reports of Messrs. Ralph E. Davis Associates and McDaniel Consultants Ltd. in this prospectus have been included in reliance on the opinions of those making the reports and on their authority as experts in petroleum and natural gas engineering.

CONCLUSION

This prospectus does not contain all information set forth in the registration statement respecting the common shares, which has been filed with the Securities and Exchange Commission. Information included in the registration statement but omitted from this prospectus may be obtained from the Securities and Exchange Commission, Washington, D. C., upon payment of the fees prescribed by the Commission.

JEFFERSON LAKE PETROCHEMICALS OF CANADA LTD.

By EUGENE H. WALET, JR.,
President

AUDITORS' REPORT

To the Directors of
JEFFERSON LAKE PETROCHEMICALS OF CANADA LTD.:

We have examined the pro forma balance sheet of Jefferson Lake Petrochemicals of Canada Ltd. as at March 31, 1958 and the pro forma statement of cash receipts and disbursements for the three months ended on that date. Such statements have been prepared to give effect to the proposed transactions described in Note 1 of the notes to pro forma financial statements. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying pro forma balance sheet and statement of cash receipts and disbursements present fairly, in conformity with generally accepted accounting principles, the financial position of the Company as at March 31, 1958 and the cash transactions for the three months ended on that date on the basis of giving effect on or before March 31, 1958 to the proposed transactions set out in Note 1 to the pro forma financial statements.

(Signed) PRICE WATERHOUSE & CO.

PRICE WATERHOUSE & CO.
Chartered Accountants

Calgary, Alberta
April 30, 1958

JEFFERSON LAKE PETROCHEMICALS OF CANADA LTD.

PRO FORMA BALANCE SHEET

As at March 31, 1958 (Note 1)

ASSETS

CURRENT ASSETS:		
Cash	$2,255,273	
Accounts receivable	4,502	
Inventories—		
Sulphur, at accumulated cost	173,126	
Tubular goods and supplies, at cost	156,339	
Prepaid expenses	35,049	
		$ 2,624,289
CAPITAL ASSETS (Note 2):		
Land	$ 28,446	
Buildings	422,412	
Equipment	1,390,815	
Construction in progress	123,000	
	$1,964,673	
Less—Depreciation	55,186	
	$1,909,487	
Natural gas interests and contract rights	6,198,614	
		8,108,101
DEFERRED ADMINISTRATIVE EXPENSES		44,635
		$10,777,025

LIABILITIES

CURRENT LIABILITIES:			
Mortgage principal instalments due within one year			$ 4,908
5¼% MORTGAGE, repayable in monthly instalments of $909, including interest, to March 1, 1973			108,599
SHAREHOLDERS' EQUITY:			
Capital stock—			
Authorized—2,500,000 common shares of a par value of $1 each			
Issued—	Number of shares		
For cash	600,018	$ 600,018	
For properties (Note 2)	1,425,000	1,425,000	
	2,025,018	$2,025,018	
Premium on shares net of underwriting commission of $330,000 and after deducting organization and financing expenses of $150,000		8,632,500	
60,000 warrants to purchase shares (Note 3)		6,000	
			10,663,518
COMMITMENTS (Note 4)			
			$10,777,025

APPROVED ON BEHALF OF THE BOARD:

(Signed) HAROLD W. MANLEY, Director
(Signed) F. E. LEWIS, Director

JEFFERSON LAKE PETROCHEMICALS OF CANADA LTD.

PRO FORMA STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Three Months Ended March 31, 1958 (Note 1)

Receipts:		
Mortgage loan		$ 113,507
Sale of shares		2,970,018
Sale of warrants		6,000
Total receipts		$3,089,525
Disbursements:		
Reimbursements to Jefferson Lake Sulphur Company for—		
Cost of manufacturing sulphur	$123,851	
Tubular goods and supplies	156,339	
Additions to equipment	24,754	
Drilling and geophysical costs	315,033	
Administrative expenses	38,724	
Sundry	25,551	
	$684,252	
Organization and financing expenses	150,000	
Total disbursements		834,252
Pro forma cash balance as at March 31, 1958		$2,255,273

NOTES TO PRO FORMA FINANCIAL STATEMENTS

Bases of Pro Forma Financial Statements:

The pro forma financial statements are based on certain proposed transactions, which have been given effect to as at March 31, 1958, as follows:

(a) the allotment and issue to Jefferson Lake Sulphur Company, pursuant to an agreement, of 1,425,000 fully paid shares of common stock of the Company in exchange for the assets, contract rights and undertaking of that company located in Canada as at January 1, 1958 with the exception of cash, accounts receivable, inventories of sulphur and tubular goods and supplies, prepaid insurance and pre-drilling geophysical costs.

(b) the reimbursement to Jefferson Lake Sulphur Company of—

(i) the cost of prepaid insurance on the Peace River plant as at December 31, 1957, amounting to $15,480

(ii) geophysical costs of $23,489 at the East Calgary field incurred in 1957 relating to wells to be drilled in 1958

(iii) the cost of inventories of tubular goods and supplies as at March 31, 1958 amounting to $156,339

(iv) all liabilities incurred by it on or after January 1, 1958 to and including March 31, 1958 in developing, improving, administering and operating the assets referred to in (a) above, aggregating $488,944.

NOTES TO PRO FORMA FINANCIAL STATEMENTS—(Continued)

(c) the receipt of a mortgage loan of $113,507 on certain of the assets referred to in (a) above.

(d) the allotment, issue and sale, pursuant to underwriting agreements, of 600,000 fully paid shares of common stock of the Company to yield $2,970,000 cash.

(e) the allotment, issue and sale at 10¢ each of 60,000 warrants to the underwriters, each of which will entitle the holder to purchase one share of the common stock of the Company until June 1, 1963, unless the warrants are sooner redeemed.

(f) the payment of organization and financing expenses estimated at $150,000.

2. Capital Assets:

The cost of capital assets represents the value assigned to assets acquired in exchange for shares as referred to in Note 1(a) plus expenditures since January 1, 1958. The assigned values are summarized hereunder:

Assets acquired—		
Sundry assets, at current value		$ 14,000
Fixed assets, at cost of these facilities constructed by the vendor company in 1957		
Land	$ 28,446	
Buildings	422,412	
Equipment	1,366,061	
Construction in progress	123,000	1,939,919
Natural gas interests and contract rights to which was assigned the balance of the consideration		5,883,581
1,425,000 common shares issued in exchange		$7,837,500

3. Warrants:

The warrants entitle the holders to purchase an aggregate of 60,000 common shares of the Company as presently constituted at a price of $5.75 per share until 2 P. M., Mountain Standard Time on June 1, 1960, and at $6.25 per share until 2 P. M., Mountain Standard Time on June 1, 1963, when the warrants will expire. The warrants are redeemable after June 1, 1960 at $1 per common share purchasable thereunder.

4. Option agreement:

Pursuant to the agreement referred to in Note 1(a) above the Company acquires the rights and assumes the obligations of Jefferson Lake Sulphur Company under an agreement with Mobil Oil of Canada, Ltd. dated February 15, 1957 under which Jefferson Lake Sulphur Company was granted an option to acquire natural gas leasehold interests in approximately 80,000 acres in East Calgary area. Under the agreement the Company will:

(a) pay rentals with respect to the lands of $1 per acre per year

(b) pay the cost of drilling seven wells of which four have been completed; the cost of the remaining three wells is estimated at $700,000

(c) pay the cost of erecting field facilities, gas processing plant and sulphur recovery plant.

The cost of the seven wells referred to in (b) and of the facilities and plants referred to in (c) will be recovered from future plant earnings in accordance with the terms of the agreement.

On default by the company in drilling the remaining three wells referred to in (b) or in erecting the facilities and plants referred to in (c) the agreement terminates but the company retains a fifty per cent. working interest in the wells drilled to the date of termination including one section of land for each well drilled.

5. As there have been no sales of sulphur or other products to March 31, 1958, no statement of profit and loss has been prepared or submitted.

STATUTORY INFORMATION

The following information is furnished in compliance with the requirements of the Companies Act (Canada) and the laws of certain of the Provinces of Canada:

(a) Jefferson Lake Petrochemicals of Canada Ltd. (hereinafter called the "Company") has its head office at 133—6th Avenue East, Calgary, Alberta.

(b) The Company was incorporated under the Companies Act (Canada) by letters patent dated December 30, 1957. The provisions of the letters patent were amended by supplementary letters patent dated April 30, 1958.

(c) The general nature of the business actually transacted by the Company is the production of sulphur from natural gas and the sale thereof.

(d) The names, occupations and addresses of the directors and officers of the Company are as follows:

DIRECTORS

Eugene Henry Walet, Jr.	Executive	Whitney Bldg., New Orleans, La.
Harold Wheatley Manley	Executive	First National Bldg., Tulsa, Okla.
Francis Edgar Lewis	Executive	Prudential Bldg., Houston, Tex.
Ralph Lynn DeGroff	Executive	Garrett Bldg., Baltimore, Md.
Eberhard Paul Deutsch	Executive	Hibernia Bldg., New Orleans, La.
Anthony Lippincott Villa	Executive	26 Broadway, New York, N. Y.

OFFICERS

Eugene Henry Walet, Jr.	President	Whitney Bldg., New Orleans, La.
Harold Wheatley Manley	Vice-President, Managing Director	First National Bldg., Tulsa, Okla.
Francis Edgar Lewis	Vice-President	Prudential Bldg., Houston, Tex.
Charles Joseph Ferry	Secretary	Whitney Bldg., New Orleans, La.
Leopold Louis Lassalle	Treasurer	Whitney Bldg., New Orleans, La.
Louis Eugene Parish	Controller	Whitney Bldg., New Orleans, La.

Note: It is contemplated that on completion of this financing, Messrs. Frank Murray McMahon, Pacific Bldg., Calgary, Alta. (who is president and managing director of Westcoast Transmission Company Limited and has for the past five years been chairman of the board and a director of Pacific Petroleums Ltd.), and John Smith Gairdner, 320 Bay St., Toronto, Ont. (who has for the past five years been an executive and a director of Gairdner & Company Limited), will become directors of the Company. Jefferson Lake Sulphur Company has agreed that it will use its best efforts to assure that a director of Gairdner, Son & Company Limited or another nominee of that firm acceptable to Jefferson Lake Sulphur Company will be maintained in office as a director of the Company until June 1, 1968.

(e) The Company's auditors are Price Waterhouse & Co., Chartered Accountants, 301—8th Avenue West, Calgary, Alberta.

(f) The transfer agents and registrars for the Company's shares are National Trust Company, Limited (transfer agent and registrar), at its offices in Toronto, Calgary, Montreal, Winnipeg and Vancouver, and The First National City Bank of New York (transfer agent) and The Chase Manhattan Bank (registrar) at their respective offices in New York, U. S. A.

(g) The authorized capital stock of the Company consists of 2,500,000 common shares of the par value of $1 each. Eight directors' qualifying shares, and ten shares held by Jefferson Lake Sulphur Company, all fully paid, are now outstanding. 1,425,000 fully paid shares are being issued to Jefferson Lake Sulphur Company as set forth in paragraph (u) (v) hereof. Following completion of this financing, 2,025,018 shares, all fully paid, and warrants for purchase of 60,000 additional shares, will be outstanding.

(h) Each shareholder is entitled to one vote for each share held. There are no pre-emptive rights. All shares rank equally as regards dividends and rights on liquidation or distribution of capital assets.

(i) No securities of the Company rank ahead of its capital stock.

(j) No substantial indebtedness is to be created or assumed, which is not shown or referred to in the pro forma financial statements of the Company as at March 31, 1958 contained in this prospectus.

(k) The Company proposes to issue to the underwriters mentioned in paragraph (p) hereof to which reference is hereby made, warrants entitling the holders thereof to purchase an aggregate of 60,000 common shares of the Company at $5.75 (Canadian currency) per share until 2 p.m. Mountain Standard Time on June 1, 1960 and thereafter and until 2 p.m. Mountain Standard Time on June 1, 1963 at $6.25 (Canadian currency) per share. The warrants are to be issued pursuant to an indenture (herein called the "warrant indenture") made as of June 1, 1958 between the Company and National Trust Company, Limited which provides that the warrants will be redeemable by the Company after June 1, 1960 at $1 (Canadian currency) per share purchasable thereunder. Under the warrant indenture the basic subscription prices mentioned are subject to adjustment in the event the Company issues additional common shares (other than by way of stock dividend or pursuant to certain options which may be granted to officers or employees) for a consideration less than the then current subscription price. The number of shares issuable upon exercise of the warrants will be adjusted in the event of any consolidation, subdivision or reclassification of, or any stock dividend paid on, the common shares of the Company, or upon any merger or consolidation by the Company or upon any sale of all or substantially all the properties of the Company. In addition, the Company covenants in the warrant indenture that, so long as any of the warrants are outstanding, it will not effect any capital reorganization, consolidation, merger or sale of all or substantially all its assets, or issue any option or right (with certain exceptions) to subscribe to any shares to which warrant holders would be entitled upon the exercise thereof, or make any repayment of capital on any such shares, or redeem the warrants, unless, in each such case, it shall have published notice of its intention so to do at least 30 days prior to the record date for ascertaining the shares entitled to participate therein or prior to the effective time of such redemption, as the case may be.

(l) Canadian and United States underwriters are purchasing from the Company an aggregate of 600,000 common shares of the Company and warrants for the purchase of an aggregate of 60,000 additional common shares. Of these, 300,000 common shares and warrants for the purchase of 30,000 additional common shares are to be purchased by the Canadian underwriter from the Company pursuant to the underwriting agreement mentioned in paragraph (p) hereof, and said shares are to be offered to the public at the price shown on the face of this prospectus, but the warrants will not be so offered.

(m) The estimated net proceeds to be derived from the sale of the securities referred to in paragraph (p) hereof, on the basis of the same being fully taken up and paid for, is $2,976,000, less legal and auditing fees and other expenses of this issue estimated to be approximately $150,000.

(n) The net proceeds received by the Company from the sale of the securities referred to in paragraph (p) hereof, after deducting estimated Company organization and financing expenses of $150,000 (part of which has already been paid by and will be reimbursed to Jefferson Lake Sulphur Company), will constitute the initial liquid capital of the Company and will be used for general corporate purposes, to provide working capital, and for development of the Company's projects in Canada.

The Company anticipates that approximately $400,000 will be used for reimbursement of sulphur-production expenses (including allocated executive and administrative overhead charges and applicable inventory items) incurred since January 1, 1958, and $160,000 for repayment of the cost of tubular goods and supplies acquired, by Jefferson Lake Sulphur Company for the Company's account. About $315,000 will be applied to reimbursement of Jefferson Lake Sulphur Company for geophysical costs and the cost of drilling and completing a gas well for the Company's benefit in the East Calgary field in 1958. It is estimated that the aggregate cost of a second gas well drilled (but not completed) in 1958 by Jefferson Lake Sulphur Company for the Company's account, and of two additional projected wells, in the Calgary field will aggregate approximately $700,000.

Some $200,000 will go to completion of the Peace River plant and reimbursement of Jefferson Lake Sulphur Company for costs of the Peace River project since January 1, 1958; and about $15,000 will be used to repay expenses incurred by the latter company in procuring prepaid insurance for the Company's benefit. The Company's initial working capital will comprise approximately $1,150,000, including proceeds of a mortgage loan in the amount of $113,000.

(o) The minimum amount which in the opinion of the directors must be raised by the issue of the shares hereby offered in order to provide the sums required for the preliminary expenses payable by the Company is approximately $150,000.

(p) On June 2, 1958, the Company entered into underwriting agreements with Gairdner, Son & Company Limited for the sale to it of 300,000 common shares of the Company at $4.95 per share and stock purchase warrants for an aggregate of 30,000 common shares at $.10 per warrant, and with Hornblower & Weeks of New York and Robert Garrett & Sons of Baltimore, as representatives for the United States underwriters, for the sale to them of 300,000 common shares of the Company at $4.95 per share and stock purchase warrants for an aggregate of 30,000 common shares at $.10 per warrant. The Company will pay Gairdner, Son & Company Limited $7,500 as a financial and business advisory fee, and will reimburse the United States underwriters for $6,000 of special expenses.

(q) The Company's by-laws provide for remuneration of directors as determined by the Board; and that directors may serve the Company in other capacities and receive compensation therefor.

(r) The Company has, to date, paid no remuneration to its directors, officers or employees. Its executive management will be furnished by Jefferson Lake Sulphur Company, which will be reimbursed by the Company for a proportionate part of the compensation paid to the personnel who render services to the Company as well as for facilities of Jefferson Lake Sulphur Company used in connection therewith. The amount of such reimbursement for personnel is estimated for the Company's current financial year (ending December 31, 1958) as follows: (a) in respect of personnel who are directors of the Company, as such—nil; (b) in respect of personnel who are officers of the Company, and reimbursement in respect

of each of whom is estimated at more than $10,000—$38,750; and (c) in respect of all personnel who render services to the Company—$100,000.

(t) The estimated amount of preliminary expenses of the Company is approximately $150,000.

(u) (v) Pursuant to an agreement to be dated as of June 1, 1958, Jefferson Lake Sulphur Company, Whitney Bldg., New Orleans, U. S. A., is transferring to the Company as of January 1, 1958 its Canadian assets consisting principally of a plant in British Columbia for the production of sulphur from hydrogen sulphide, and its interest in a contract for supply of hydrogen sulphide to the plant; housing facilities for plant employees; four completed gas wells in the Calgary area of Alberta; an interest in extensive natural-gas rights in the Calgary area of Alberta; interest in a proposed joint venture for construction and operation of plants in the Savanna Creek area of Alberta for removal of hydrogen sulphide from natural gas to be supplied by the co-adventurer and for production of sulphur from such hydrogen sulphide; and interest in contracts referred to in paragraph (za) hereof. The consideration to be paid by the Company for such assets is 1,425,000 common shares of the Company. The Company will also reimburse certain costs and expenses incurred by the vendor for the Company's benefit, estimated to aggregate approximately $1,000,000.

(w) The number and amount of securities of the Company agreed to be issued as fully paid up otherwise than in cash is as stated in paragraph (u) (v) hereof.

(za) The Company has not entered into any material contract within two years preceding the date hereof other than contracts in the ordinary course of business except the contracts and the warrant indenture referred to in paragraphs (k), (p) and (u) (v) hereof. In addition, the following contracts are being assigned by Jefferson Lake Sulphur Company to the Company pursuant to the agreement referred to in paragraph (u) (v) hereof:

(1) contracts dated June 2 and June 20, 1956 with Pacific Petroleums Ltd. (subsequently assigned by Pacific Petroleums Ltd. to Westcoast Transmission Company Limited) for the acquisition by the Company of the exclusive right to process specified quantities of hydrogen sulphide;

(2) contracts dated February 15, 1957 and June 18, 1957, respectively, the earlier with Mobil Oil of Canada, Ltd. and the later with Mobil Oil of Canada, Ltd. and the Canadian Pacific Railway Company, for the acquisition of natural gas and oil royalty rights in lands in the Calgary area of Alberta, the drilling of gas wells, the erection of plants in that area and the production of sulphur from hydrogen sulphide;

(3) preliminary contract dated June 18, 1957 with Westcoast Transmission Company Limited for the sale, on the conditions therein specified, by the Company of commercial pipeline gas from the Calgary area; and

(4) preliminary contract dated June 3—July 15, 1957 with Westcoast Transmission Company Limited for the joint construction and operation of plants for the production of sulphur in the Savanna Creek area of Alberta.

Copies of these contracts and of the contracts and the indenture referred to in paragraphs (k), (p) and (u) (v) may be inspected at the offices of Messrs. Chambers, Might, Saucier, Milvain, Peacock, Jones & Black, Lancaster Building, Calgary, Alberta, in ordinary business hours during the period of primary distribution of the shares offered hereby.

(zb) Messrs. Walet, Lewis, Manley, DeGroff, Deutsch and Villa, who are directors of the Company, are all shareholders and either directors or officers of Jefferson Lake Sulphur Company.

(zc) The Company has not engaged in any business activities. Activities under contracts being acquired from Jefferson Lake Sulphur Company have been carried on for approximately one year.

(zd) Jefferson Lake Sulphur Company, Whitney Bldg., New Orleans, La., U. S. A., will, by reason of ownership of shares of the Company, be in a position to elect all of the directors of the Company, following completion of this financing.

DATED May 30, 1958.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario), section 39 of The Securities Act, 1954 (Saskatchewan), section 13 of the Security Frauds Prevention Act (New Brunswick), Part IX of The Securities Act, 1955 (Alberta) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DIRECTORS

(Signed) Eug. H. Walet, Jr.

(Signed) Harold W. Manley

(Signed) F. E. Lewis

Ralph L. DeGroff
(Signed) Eberhard P. Deutsch
Anthony L. Villa

by their Agent
Eug. H. Walet, Jr.

PROPOSED DIRECTORS

(Signed) J. S. Gairdner

(Signed) Frank M. McMahon
by his Agent Eug. H. Walet, Jr.

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 39 of The Securities Act (Ontario), section 39 of The Securities Act, 1954 (Saskatchewan),

section 13 of the Security Frauds Prevention Act (New Brunswick), Part IX of The Securities Act, 1955 (Alberta) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

UNDERWRITER

GAIRDNER, SON & COMPANY LIMITED

By (Signed) J. H. HAWKE *Director*

The following includes the names of all individuals having more than a five per cent. interest in Gairdner, Son & Company Limited: J. A. Gairdner, R. O. Bull, estate of C. W. MacLean, J. S. Gairdner, G. Bray, L. N. Watt, J. D. Gibson, H. V. Shaw, J. F. Plewman and G. C. Watt.